



Health Services
LOS ANGELES COUNTY

December 4, 2008

Los Angeles County
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*To improve health
through leadership,
service and education.*

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D. 
Interim Director

SUBJECT: **NOTIFICATION OF DEPARTMENT OF HEALTH
SERVICES' USE OF DELGATED AUTHORITY**

This is to advise you that the Department of Health Services (DHS) has exercised its delegated authority, approved on August 19, 2008 (agenda #18) and November 18, 2008 (agenda #28), to execute a funding agreement with the California Department of Health Care Services (DHCS) and an amendment to the L.A. Care Service agreement to provide for Local Medi-Cal Managed Care Supplemental Payments (LMSP), respectively.

The August 19, 2008 board letter allowed DHS to execute, on behalf of the County of Los Angeles, an agreement with the DHCS to make intergovernmental transfers of up to \$74,670,000 to fund supplemental Medi-Cal managed care rate increases for the DHS' Community Health Plan (CHP). This agreement (No. 06-55844) was fully executed on September 22, 2008.

The November 18, 2008 board letter allowed DHS to execute, on behalf of the County of Los Angeles, an amendment (No. 1) to the Service Agreement (No. 703048) between L.A. Care and the CHP. The amendment authorizes CHP to receive LMSP of \$149,340,000 and pay L.A. Care approximately \$1,000,000 in lost investment income due to the delay in the implementation of the agreements necessary to make the LMSP possible. This agreement was fully executed on November 21, 2008.

Currently, we are waiting final approval from the Centers for Medicare and Medicaid Services (CMS) in order to proceed with our transactions.

If you have any questions or require additional information, please call me or Allan Wecker of my staff at (213) 240-7882.

JFS:hr

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

